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WHAT ONE PACKER THINKS AND IS DOING ABOUT THE M.E.P. IN THE SWINE MARKET

(An excerpt from an address by Carroll Plager of the
Hormel Packing Company, Austin, Minnesota.)

Normally, we patronize 4-H Club auctions, and county fairs and then we kill the hogs and grade them in the cooler, if we get 15 percent in our top grade, we think we are doing quite well. The threat of V. E. caused the State Livestock Sanitary Board of Minnesota to place a ban on the exhibition of all swine within the state. That ban was issued on the first day of August, on the eve the county fair schedule gets under way. So everybody was invited to the fair, to participate in the show, try for prize money, see the show, and benefit by the auction, except the pig club member. For personal, for selfish reason, we did not want to see the pig club project wane in interest. We wanted it to be a vigorous, live program. And we thought that was a pretty bitter pill for most of those 4-H Club pig members to swallow. We decided to do something about it. Three days later we went out with a program to the county agents in 22 counties in Southern Minnesota. We offered to purchase 4-H Club market pigs every Wednesday from the first day of August until the first day of October. We agreed to pay over-the-market prices for each of these pigs up to a maximum of four per club member, kill them all on the yield-and-grade basis, pay a dollar above that market for the best pig in the opinion of the club member and a half a dollar over on the others. The choice of each project as designated by the pig club member constituted his automatic entry in a carcass contest. Receipt day was Wednesday and Saturday open house in the cooler - everybody invited. Premium money was paid to owners of carcass contest entries at the rate of 50¢ for first, 25¢ for second, and $12\frac{1}{2}$ ¢ for third per entry, per county, each week. Every county responded.

These pigs had to weigh between 190 and 240 pounds or no premiums. It gave them a 50-pound target to shoot at. They could sell them any time, any Wednesday from the first of August to the first of October, but had to get inside that weight bracket or no candy. It's better if you sell that hog when he is right. If you had four pigs and they didn't mature uniformly, you could sell them four different weeks if you wanted to. Now these were the same pigs that would have been shown at the county fair. The type had not changed materially from 1951 -- a typical group of 4-H Club members. The feeding program had not changed, but the timing of the market had changed because now these Club members brought these pigs to market when they were supposed to be marketed rather than just to have their market day coincide with the day of the fair. How many of those pigs got in our top grade bracket? The percentage jumped from 15 to 43 percent. That's why I say a good many more pigs of the right type are grown than are sold. They aren't sold when they are right.

Now since it costs less to raise this meat-type hog, and there is plenty of evidence to support that statement, it should not, in our opinion, be used as an excuse or smoke screen for us as processors to hide behind and say, "There isn't anything for us to do." We don't believe that at all. And so as the previous speaker hinted, there are some processors that have done something about it. We are proud to be counted among that group. We buy hogs three ways and the method of sale is always the option of the seller; I sincerely hope it shall always be. We buy hogs on the yield-and-

grade basis. In other words, the hogs are paid for on the basis of their actual yield and grade. The estimates made alive have nothing to do with it. There are 16 ounces in a pound, we weigh the carcasses cold, we grade them, and you may watch them graded. Each pig has to stand on its own feet. If you raise a better hog than your neighbor or better than the average, there is a chance to get your just reward.

And then, of course, we buy them on the conventional live weight method -- the one that takes care of most of the hogs as they are currently marketed. Then we have one in between that is a compromise between the two -- one that is being talked about more and is being put into practice by other processors as well. Call it what you may, it is a merit hog buying system. It is an endeavor to recognize hogs of graded quality alive. To single them out -- one or in small groups -- and to pay over-the-market prices for them. Not whether you call that premium prices or whether you say it is the top and the rest is below, I care not. It's a common point of debate, but I don't think it is important. The hogs that are believed to have the better carcasses are singled out and more money is paid for them. Our policy is to pay 40¢ a hundred above the going market for these hogs. Now you may say the test figures you have seen indicate these hogs are actually worth more than that. I agree they are. But not all of the hogs we single out and pay that kind of money for prove to be the kind we thought they were. Some of them, in fact about one-third, fool us. That has been our experience and so we have operated on this basis.

We have adopted the attitude that if a merit hog buying system is to progress, if it is to expand and be accepted, there are two groups of people, basically that must understand it, must want it, and must try to use it, and those two groups of people are buyers and sellers. It is perfectly all right that other groups of people be interested and understand it, but it is fundamental that those two groups accept it. And so the program that seems needed is a training program. The hog buyer that has been in the business for 30 years reacts with "Well, I was buying hogs before you got here; I know all about it." Then there is the fellow who says, "It can't be done." He is a pessimist, of course. Both groups of people, the fellow that says he knows how to grade hogs 100 percent and the fellow that says it can't be done, fall into one category; neither have tried it. The fellow who tries it and thinks he is an expert, is due for a shock. And the fellow who thinks it can't be done is also due for some surprises because something can be done about it.

We took our training program the first of the year to 20 country buying points and we did it in this manner. We would begin by saying, "Here are six hogs for your inspection. They may be black, white, belted, red or spotted. These two hogs will each, in our opinion, have a top grade carcass, call it what you may. We call them one pluses, or premiums. Beard would call them Choice No. 1's. But whatever you call them, they are top grade carcasses. In other words, they will have about an inch and a half of fat-back that will be uniform and the hog will be of high quality. It is meaty, it is not just an ordinary hog with less fat on it." That is the thing that a lot of people don't seem to understand. They think a meat-type hog is one that just isn't quite as fat. When this program first came into being, we would have a fellow come in and he could have a hog that was a rail splitter.

"That's a meat hog," he would say, "you said you didn't want them too fat. He doesn't have too much fat on him." "Yes, but he is a meatless hog, and that isn't what we want." That isn't what the consumer wants. A meat hog is one that has some meat in him, some natural spring of rib, some muscle in that loin eye. He's got some ham development, some shoulder meat, and then just enough fat around the edge, firm and smooth, to give that pork palatability, flavor and all that's desirable. And so, we have shown these producers two hogs that we think go in the top grade, two in the regular grade, and two more in the overfat grade. We tell them what each hog weighs and put them off to the side in what we call a reference pen.

"Now, that is your short-course. We've told you all we can about these hogs. Look at them again as often as you like. Now here is a post card for each one of you. Sign your name, address it to yourself. Turn it over and you will see a place for your estimates - carcass grade and live weight on each of 10 hogs that we are going to show you." "We bring them into the ring one at a time and give two or three minutes to look at each one. We collect the cards, take the hogs to the plant and kill them, actually measure their backfat, establish the grade, put these official grades and weights on the cards, and mail them back to the producers marked personal. We did that at 20 points and we had a total of 1580 cards turned in.

How, how many of those cards do you think had all 10 hogs graded correctly? Go ahead and guess, the answer is not a single card including my own. Not a single card! So if there is anyone in that group that is a little conceited, it does a very good job of removing it. Now why, why wasn't there a single perfect card? In a group of 10 hogs, picked at random out of the stock yards, you will find some that will fool almost everyone. When we miss a hog, we are a little reluctant to admit the hog fooled us. It sounds better to say the hog was a counterfeit. At this point is this, you can have two hogs whose outward dimensions are exactly the same, in width across the back, in length from tail to ear, in depth of body from flank to the peak of the back, - exactly the same, and yet their carcass measurements be radically different. Why? One hog is a narrow framed hog, poorly muscled but very, very well padded, while the other has a lot of spring of rib and meatiness and a minimum of padding. The same outward dimension, but with inward dimensions quite different. Now with practice you can begin to ferret out some of these and with experience you can detect a lot of them.

Our buyers are able to correctly grade about 70 percent. How well did the producers do? About 12 percent. With practice they could do 70 percent too. In fact, they could beat 70 percent. This is the thing we have found; with training, with practice, with diligence, the producer gets better at this than the packer. How, you say, "How come?" The packer buys these hogs and sees them for the first time at the market place, knows nothing about their history. Somebody backs up to the chute and unloads some hogs and the buyer inspects these hogs at market weight and finish. He has to make his appraisal at the moment without any background. The producer on the other hand has seen these pigs raised, has seen them develop from a weanling pig to market weight. And he, better than the packer, knows whether that hog has underneath his hide a narrow frame, well padded, or is meaty with a

minimum of padding. That's where the producer has the drop on the packer.

And so, the fellows who have sold hogs to us on a yield-and-grade basis, I will say, have become uncanny with their ability to produce hogs in the top bracket. That is why some of them are doing it at an 80 percent level. Not just one year, but keep right on doing it.

I'm like Charlie, it isn't a question of what should be done about this thing. It is when and how. I don't pretend to have all the answers, but believe I have thrown out some suggestions. You may not agree with them, but I think there is a way to do it and I don't believe it is any one person's job. I think the producer has more at stake in this than any other individual. He has more to lose and more to gain than anyone else in this whole circle, but we may all gain and without cost. It can be done. The only question is will we do it.



